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FACT SHEET

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DAIRY INDEMNITY PAYMENT PROGRAM

United States Department of Agriculture • Agricultural Stabilization and Conservation Service

February 1991

LEGISLATIVE AUTHORITY

The Economic Opportunity Act of 1964, PL 88-452, as extended to 1995 by the Food, Agriculture, Conservation and Trade Act of 1990, authorizes the Secretary to make dairy indemnity payments.

PAYMENTS TO DAIRY PRODUCERS, MANUFACTURERS

Payments are made to dairy producers who have been directed by a public regulatory agency to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides. Payments are made to manufacturers of dairy products only for products removed from the market because of pesticide contamination.

AMOUNT OF PAYMENT TO PRODUCERS

The indemnity payment to dairy producers is calculated by multiplying the number of cows milked times the number of days milk is off the market times base production in terms of pounds per cow per day times farm price for milk of the same butterfat content as that in the base period.

BASE PERIOD FOR PRODUCERS

The base period used to establish base production is the calendar month, two half months, or two biweekly pay periods immediately before the milk is removed from the commercial market.

AMOUNT OF PAYMENT TO MANUFACTURERS

The indemnity payment to manufacturers of dairy products is calculated by multiplying the fair market value of the product times the amount of product removed from the market minus any salvage value of the product.

APPLICATION PERIOD

Affected producers and manufacturers should apply for indemnity payments at their county ASCS office. Applications must be filed no later than December 31 following the fiscal year in which the loss occurred.

NO DOUBLE PAYMENTS

Producers who receive indemnity payments and then file a successful claim for damages against the party responsible for the contamination must return to ASCS within 14 days the lesser of:

- the amount received in indemnity payment, or
- the amount received in a claim against the party responsible for the contamination.

This Program or Activity will be Conducted on a Nondiscriminatory Basis Without Regard To Race, Color, Religion, National Origin, Age, Sex, Marital Status, Disability, Personal Sponsorship, or Political Affiliation.

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